

## Environment

Mizuho has issued Policies for Environmental Initiatives to ensure that we undertake our environmental initiatives uniformly.

Under its CSR promotion structure, the Mizuho Group promotes consistent and comprehensive environmental initiatives.

### Policies for Environmental Initiatives

- The Mizuho Financial Group believes that environmental initiatives are an essential element for both our subsistence and business activities as well as recognizes this as both a risk and an opportunity. As a global financial group, we contribute to the sustainable development of society by undertaking environmental initiatives voluntarily and proactively while taking in perspective a precautionary approach. These include addressing climate change issues, building a low-carbon society, promoting the sound material-cycle society, and preserving biodiversity and other issues.
- Mizuho is aware that collaboration with various stakeholders is important in creating a sustainable society and, therefore, encourages appropriate collaboration and cooperation.
- Mizuho proactively discloses information regarding our corporate stance toward environmental initiatives and our actual activities. In addition, Mizuho will continue to improve these initiatives, by encouraging close communication with society through dialogue with stakeholders to ensure that our corporate activities conform to social standards and expectations.

### Specific Initiatives

1. Drawing on its knowledge as a global financial group, Mizuho will develop and offer financial products and services that encourage society to promote environmental considerations.
2. Mizuho will comply with environmental laws and regulations.
3. Mizuho will take initiatives to reduce the use of resources and energy, and manage waste disposal in our business activities.
4. Mizuho will provide support to environmental initiatives of our customers and environmental protection groups.
5. Mizuho will provide support to activities that increase environmental awareness and environmental initiatives of our management and employees.
6. Mizuho will collaborate and cooperate with a diverse range of stakeholders, such as customers, suppliers, competitors, local communities, and government organizations and will encourage environmental considerations to our value chain through our business activities.

### Priority Initiative

- In our responsibilities and roles as a global financial group, Mizuho will undertake initiatives to promote environmental considerations in society.

### Implementation

- Mizuho Financial Group will actively promote our initiatives and that of our main subsidiaries.
- Mizuho will set targets to reduce its environmental impact, reviews these periodically, and continues to make improvements.

### Initiatives for the Equator Principles

An explanation is provided of the Equator Principles, which were adopted to conduct responsible investments and financing with environmental considerations.

- What are the "Equator Principles"?
- Application for Projects
- Mizuho and the Equator Principles
- Management and Future Development of the Equator Principles Association

### Biodiversity

Mizuho's initiatives to protect and conserve biodiversity are explained.

## Initiatives for the Equator Principles

Equator Principles is a risk management framework adopted voluntarily by financial institutions to determine, assess, and manage the environmental and social risks associated with financing of large scale projects such as oil and gas development, power plants etc.

Mizuho Bank (former Mizuho Corporate Bank) was the first Asian bank to adopt the Equator Principles in 2003, and also became the first Asian bank to chair EP Association (May 2014 – May 2015).

We remain actively engaged with the Equator Principles initiative as a member of Equator Principles Association's steering committee, which consists of 15 international financial institutions.



### What are the "Equator Principles"?

What follows is a description of the conception, important milestones and a summary of the Equator Principles.

### Application for Projects

This article describes the application of the Equator Principles to projects.

### Mizuho and the Equator Principles

This article describes the implementation system for and achievements of the Equator Principles in Mizuho Bank.

### Management and Future Development of the Equator Principles Association

This article describes the management of the Equator Principle Association and the future development of the Equator Principles.

(Note) MHBK and MHCB merged on July 1, 2013.

## What are the "Equator Principles"?

### Launch of the "Equator Principles"

Large-scale development projects such as oil/gas development, mining, power plants, dams etc often include significant adverse impacts on the natural environment and/or local communities.

For example, in 1980s the Sardar Sarovar Project, which involved construction of dam on the Narmada River in mid-western India, was severely criticized worldwide for its adverse environmental and social impacts. Built in order to provide electricity and irrigation water to downstream regions, the construction of this dam resulted in the forced dislocation of more than 200,000 indigenous people living along the upstream districts, without provision of sufficient compensation or means of livelihood restoration. To ensure justice to the people displaced, international NGOs undertook Narmada relief campaign, due to which financial assistance to the project, provided by the World Bank and Official Development Assistance (ODA) of the Japanese government was aborted.

Amidst such growing interests in the environmental and social impacts, by the late 1990s, multilateral development financial organizations such as the World Bank and Export Credit Agencies of OECD member countries came up with their respective environmental and social guidelines to appropriately manage environmental and social risks associated with such large-scale projects. However, only a handful of private financial institutions were implementing environmental and social reviews at that time. Therefore, environmental NGOs started demanding that the private financial institutions independently manage environmental and social risks as more attention was given to CSR in terms of environmental issues.

To address these demands and concerns, in October 2002, ABN AMRO and the International Finance Corporation (IFC) – organization in charge of private projects for the World Bank Group, invited major international financial institutions engaged in project finance activities, to assemble in London with the intention to come up with environmental and social risks management guidelines for private financial institutions. As a result of this meeting, Citigroup, ABN AMRO, Barclays, and West LB in collaboration with IFC, created a framework of managing environmental and social risks. The Equator Principles (EPs) were thus formulated in June 2003.

EPs were first revised in July 2006, to align it with the IFC Performance Standards (April 2006). Further revision of IFC Performance Standards in 2012 and the need to strengthen environmental and social risks management, resulted in the launch of third version of the EPs (EP III) in June 2013.

### Column: Origin of the name "Equator Principles"

The initial founders of the Equator Principles (EPs) wanted the adoption of the EPs to be a globally applicable (to financial institutions in the northern and southern hemispheres) and the equator seemed to represent that balance perfectly – hence the name, Equator Principles.

## Summary of the Equator Principles

Equator Principles (EPs) are a set of voluntary guidelines adopted by private financial institutions to ensure that large scale development or construction projects appropriately consider the associated potential impacts on the natural environment and the affected communities.

Equator Principles Financial Institutions (EPFIs) formulate their own environmental and social guidelines to comply with the Equator Principles framework, which in turn confirms compliance with the underlying IFC Performance Standards and World Bank Group EHS Guidelines. EPFIs also establish internal management systems to ensure that clients implement their projects in consideration with the environment and society. Under these management systems, EPFIs will assess the environmental and social impacts of large-scale projects and will incorporate compliance with EPs as a condition of lending.



### Column: From the Preamble of the Equator Principles (excerpt)

As mentioned above, Equator Principles (EPs) are aimed to direct the "flow of funds" towards environmentally and socially responsible projects. EPs benefit not only the local communities but also the clients and the financial institutions by promoting sustainable development.

### Scope of the Equator Principles

Equator Principles (EPs) apply globally and to all industry sectors.

EPs cover the following four financial products:

1. Project Finance Advisory Services where total Project capital costs are USD 10 million or more.
2. Project Finance with total Project capital costs of USD 10 million or more.
3. Project-Related Corporate Loans (including Export Finance in the form of Buyer Credit) where all four of the following criteria are met:
  - i The majority of the loan is related to a single Project over which the client has Effective Operational Control (either direct or indirect).
  - ii The total aggregate loan amount is at least USD 100 million.
  - iii The EPFI's individual commitment (before syndication or sell down) is at least USD 50 million.
  - iv The loan tenor is at least two years.
4. Bridge Loans with a tenor of less than two years that are intended to be refinanced by Project Finance or a Project-Related Corporate Loan that is anticipated to meet the relevant criteria described above.

### Equator Principles – Applicable Environmental and Social standards

Equator Principles Financial Institutions (EPFIs) will confirm that the project, if under EPs scope, complies with all the applicable host country environmental laws, as well as the IFC Performance Standards and the World Bank Group EHS Guidelines.

### IFC Performance Standards

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The IFC Performance Standards (IFC PS), which summarize the standards for pollution prevention, conservation of the natural environment and the protection of the human rights of local inhabitants and workers, consist of the following eight items.

PS1 – Assessment and Management of Environmental and Social Risks and Impacts

PS2 – Labor and Working Conditions

PS3 – Resource Efficiency and Pollution Prevention

PS4 – Community Health, Safety and Security

PS5 – Land Acquisition and Involuntary Resettlement

PS6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources

PS7 – Indigenous Peoples

PS8 – Cultural Heritage

- For full text of the IFC Performance Standards, refer to IFC official website.

### World Bank Group EHS Guidelines

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The World Bank Group EHS Guidelines are environment, health and safety guidelines for projects, designated by the World Bank Group. The Guidelines consist of the General EHS Guidelines, common to all industries, and 62 Industry-specific EHS Guidelines. The pollution control standards presented in these guidelines are utilized as standards not only by the IFC but also by the multilateral financial institutions and the Export Credit Agencies of the OECD member countries.

### Expansion of the Scope (as per Equator Principles, June 2013)

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Formerly only Project Finance and Project Finance Advisory Services were under the Equator Principles (EPs) scope. In June 2013, the third version of EPs (EP III) was released, which expanded the scope of EPs to include Project-Related Corporate Loans.

It is said that about 70% of project finance transactions in emerging markets are arranged by Equator Principles Financial Institutions. One may say that the EPs have become the de facto standard for private financial institutions in the field of project finance.

## Application for Projects

### Application Process

#### Categorization and Requirements

The Equator Principles Financial Institution (EPFI) categorizes the project into one of the following three categories, based on the magnitude of associated environmental and social impacts. EPFI also ensures that the client undertake appropriate mitigation actions depending on the project category.

#### Categories by Magnitude of the Potential Impact on Environment and Society

	Definition of the categories	Impacts of the project
<b>Category A</b>	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented	<ul style="list-style-type: none"> <li>• Significant impacts on the local communities (e.g. Land Acquisition, Involuntary Resettlement, Indigenous Peoples)</li> <li>• Significant impacts on Biodiversity , Natural Habitat and Cultural Heritage</li> <li>• Diverse substantial impacts (i.e. individual impacts alone are less adverse than those of Category A, but they cumulatively warrant Category A treatment.)</li> </ul>
<b>Category B</b>	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures	<ul style="list-style-type: none"> <li>• Potential impacts are less adverse than those of Category A projects.</li> <li>• Potential adverse impacts are site-specific. Reasonable measures can be designed for pollution prevention and abatement.</li> </ul>
<b>Category C</b>	Projects with minimal or no adverse environmental and social risks and/or impacts	<ul style="list-style-type: none"> <li>• Minimal or no adverse social or environmental impacts</li> </ul>

Projects classified as Category A, those with significant adverse impact on the environment and society, need to satisfy all ten of the following requirements. In addition to the environmental and social impact assessment report prepared by the client, a report by an independent environmental and social consultant is also required.

**Requirements of Category A [In case of Project Finance]**

<b>a.</b>	Require the client to conduct an environmental and social impact assessment report
<b>b.</b>	Require the client to conduct an Alternative Analysis (for project emitting more than 100,000 tons of CO2 equivalent annually)
<b>c.</b>	Require the client to prepare an Action Plan
<b>d.</b>	Require the client to establish an environmental and social management system
<b>e.</b>	Require the client to conduct Stakeholder Engagement with project-affected communities
<b>f.</b>	Require the client to establish a grievance mechanism
<b>g.</b>	Require the client to disclose the environmental and social impact assessment report online
<b>h.</b>	Require the client to disclose the GHG emissions (for projects emitting more than 100,000 tons of CO2 equivalent)
<b>i.</b>	Require an independent environmental and social consultant to prepare an assessment report on the above items (a) to (f)
<b>j.</b>	Require an independent environmental and social consultant to conduct monitoring after project funding is executed

**Review by EPFIs**

EPFIs review (a) the environmental and social impact assessment report and (i) the assessment report by an independent expert and will determine whether the project complies with the requirements of the Equator Principles before deciding whether to provide loan to the project.

**Reflection on the Financing Agreement**

Equator Principles (EPs) require the client to include the following four covenants in the loan agreement:

- Compliance with the applicable host country's environmental and social laws, regulations and permits;
- Compliance with the ESMPs and Equator Principles Action Plan;
- Preparation of periodic reports regarding the compliance of items (a) and (b)
- Decommissioning plan of the facilities (where applicable).

Action Plan is prepared, as a result of the EPFI's due diligence process, to describe and prioritize the actions needed to address any gaps in the Assessment Documentation, ESMPs, the EMS, or Stakeholder Engagement process documentation to bring the Project in line with applicable standards of the EPs. The Equator Principles Action Plan is typically tabular in form and lists distinct actions, mitigation measures, follow-up studies or plans to complement the assessment.

The impact of environmental and social risks of the project can be reduced and the project can be modified to qualify for financing by including the compliance of the Action Plan as a requirement for financing. Project expense may increase due to the implementation of the Action Plan.

In case of Project Finance, after the syndicate member banks providing funds to the project are officially determined, the lead arranger will initiate the negotiations between the client and the syndicate toward an accord on the Action Plan and the covenants.

**Disclosure of the Implementation Process and the Number of Screened Projects**

Each Equator Principles Financial Institution is required to publicly report its internal EPs implementation process and the number of projects to which EPs are applied each year by category, by industry and by region, etc.

Mizuho discloses relevant information in accordance with this requirement.



## Mizuho and the Equator Principles

Mizuho Bank (former Mizuho Corporate Bank) recognized early on that the Equator Principles would become a new business standard in international financing for environmental and social risk management of large-scale projects and therefore became the first Asian bank to adopt Equator Principles in October 2003. The Equator Principles under which one addresses the environmental and social issues, have enabled Mizuho Bank to achieve a balanced economic development via financing and environmental preservation, thus fulfilling its social responsibility as a financial institution. Taking advantage of its long experience of implementing Equator Principles in project finance Mizuho Bank now plays a leadership role among Equator Principles Financial Institutions as a member of the Steering Committee, and as the Chair of the Equator Principles Association for the period May 2014 to May 2015.

### Chronicle: Initiatives for the Equator Principles

<b>Jun 2003</b>	Equator Principles were established.
<b>Oct 2003</b>	Mizuho Bank (former Mizuho Corporate Bank) adopted the Equator Principles.
<b>Jul 2006</b>	The Equator Principles were revised, and the second revision of Equator Principles became effective.
<b>Nov 2006</b>	Assumed duties as Secretariat Bank for the Equator Principles Financial Institutions serving until July 2008.
<b>Jun 2007</b>	Presented with the Chairman's Award of the 2007 Sustainable Banking Awards.
<b>Mar 2009</b>	Presented with the Green Banking Contribution Award at the International Forum on China Environmental Investment.
<b>Aug 2010</b>	Assumed the role of the Leader of the Equator Principles Asia Outreach Working Group
<b>Jun 2013</b>	The Equator Principles were revised, and the third version of Equator Principles became effective.
<b>May 2014</b>	Assumed the role of the Chair Bank of Equator Principles Association until May 2015.
<b>Mar 2015</b>	Recognized for good practices in the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century).

### Implementation System for the Equator Principles

Mizuho Bank has created the Sustainable Development Department in its Global Project Finance Division with responsibility for the bank's overall implementation of the Equator Principles. The Sustainable Development Department has five dedicated staff and has concluded an advisory contract with a consultant in Washington, D.C.

The Sustainable Development Department applies the original Mizuho Equator Principles Implementation Manual to all the projects globally, that are under the scope of Equator Principles. The Sustainable Development Department also endeavors to promote internal understanding of the Equator Principles through in-house training and via the distribution of in-house newsletters etc.

**Equator Principles Implementation Steps (application process) [for Project Finance]**

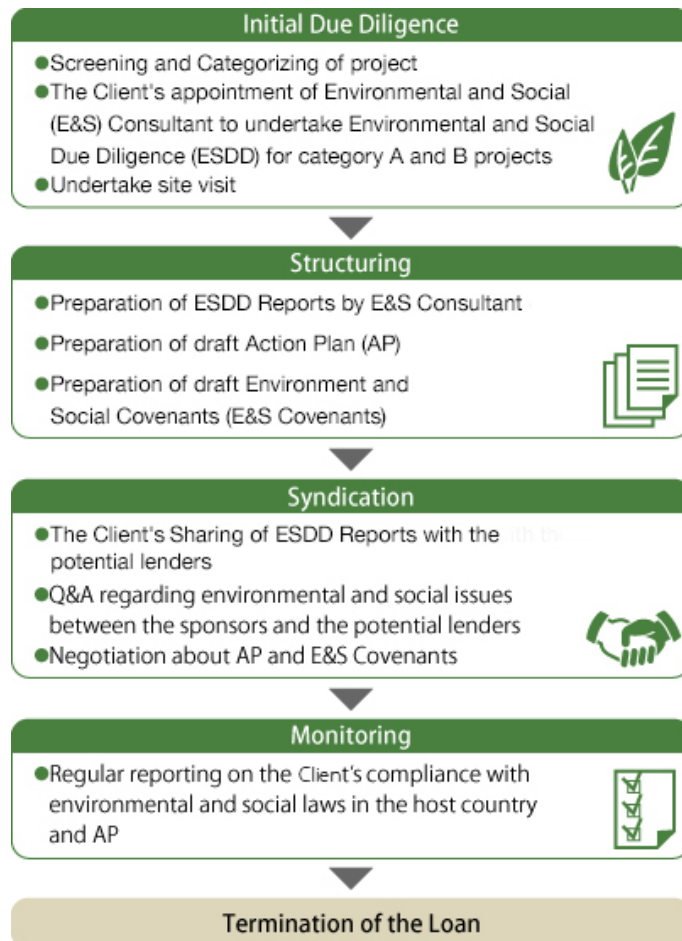
**Application of the Equator Principles in syndication**

For a project that falls under the scope of Equator Principles, and in which Mizuho Bank participates in the loan syndication, the business promotion division officer first prepares an "Equator Principles (EP) Screening Form", which is a simplified checklist. The Sustainable Development Department then reviews the EP Screening Form and categorizes the proposed project into A, B or C based on the magnitude of the potential environmental and social impacts. Also, the Sustainable Development Department prepares a recommendation in an "EP Screening Report" etc., to inform the business promotion division officer the necessary actions that the client shall take to comply with the environmental and social requirements. The business promotion division officer then supports the client as recommended by the Sustainable Development Department. In addition, the Sustainable Development Department confirms that the environmental and social covenants are included in the loan documentation.

**Application of the Equator Principles in Project Finance Advisory Services (FA)**

For a project in which Mizuho Bank acts as a financial advisor, the Sustainable Development Department supports our clients by advising them on the Environmental and Social requirements they would need to fulfill under Equator Principles which helps them early identification of issues that are likely to surface under environmental and social reviews by Equator Principles Financial Institutions and/or JBIC's environmental and social assessment.

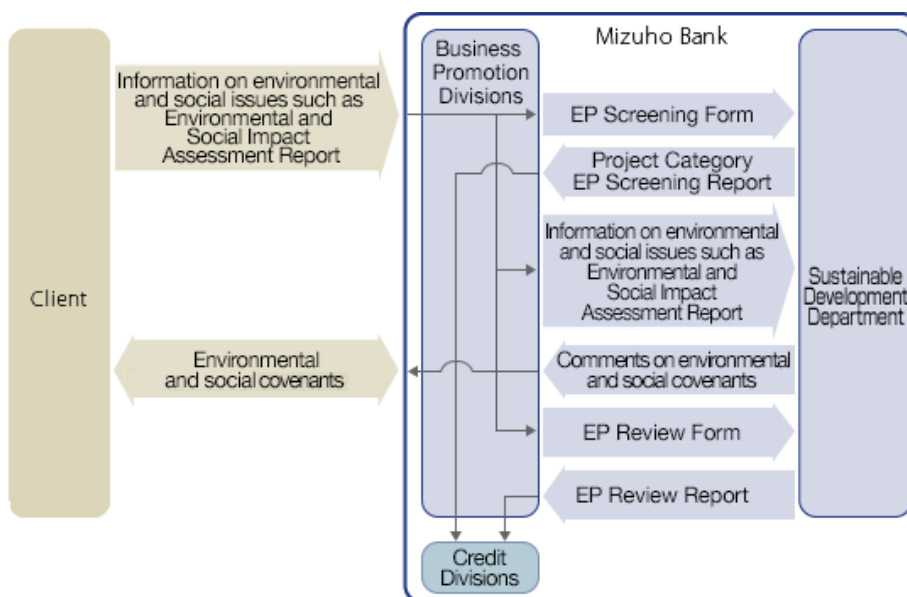
**Application of the Equator Principles at Each Stage of Project Finance (Image)**



### Equator Principles Implementation Steps (Application process) [for Project Finance]

1. The business promotion division officer prepares an "EP Screening Form", which is used as a simplified checklist, and submits it to the Sustainable Development Department.
2. The Sustainable Development Department reviews the "EP Screening Form" through due diligence and categorizes the project into A, B or C.
3. The recommendation from the Sustainable Development Department (ex. "EP Screening Report", etc.) is submitted to the credit division together with a credit application document prepared by the business promotion division. The credit division takes into account the potential environmental and social risks of the project to make a comprehensive determination of the risks specific to the project.
4. After loan documentation has been determined, the Sustainable Development Department confirms that necessary Action Plan and the covenants are in place. If additional action is required to make the project compliant with Equator Principles, the Sustainable Development Department addresses to the Client through the business promotion division to conduct necessary actions.
5. After confirming the necessary steps have been made by the Client, the business promotion division prepares an "EP Review Form" and submits to the Sustainable Development Department.
6. The Sustainable Development Department confirms that the project is compliant with the Equator Principles, and prepares an "EP Review Report" as necessary.

#### Internal implementation flow of the Equator Principles



## Disclosure subject to Equator Principles III (Jun 2013)

### Closed Transactions screened for EP Compliance

#### 1. Project Finance

##### By Category (number of projects)

Category	Definition	FY2013	FY2014
A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.	5	7
B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.	41	50
C	Projects with minimal or no adverse environmental and social risks and/or impacts.	0	4

(Note)

- The figures above represent the number of projects which reached Financial Close in FY2013 and FY2014 to which Equator Principles was applied.
- The figures above are those of Mizuho Corporate Bank until June 30, 2013.
- The figures above have been assured by KPMG AZSA Sustainability.

##### By Sector (Number of projects)

Category	Year	Sector						Total
		Oil/Gas/LNG	Mining	Power	Petrochemical	Infrastructure	Others	
A	FY2014	1	1	2	2	1	0	7
	FY2013	0	2	1	2	0	0	5
B	FY2014	5	0	37	1	6	1	50
	FY2013	5	0	30	0	5	1	41
C	FY2014	0	0	0	0	3	1	4
	FY2013	0	0	0	0	0	0	0
Total	FY2014	6	1	39	3	10	2	61
	FY2013	5	2	31	2	5	1	46

(Note)

- The figures above represent the number of projects which reached Financial Close in FY2013 and FY2014 to which Equator Principles was applied.
- The figures above are those of Mizuho Corporate Bank until June 30, 2013.
- The figures above have been assured by KPMG AZSA Sustainability.

**By Region, Country (Designated/ Non-designated), and Implementation of Independent Review by an Environmental and Social Consultant (Number of projects)**

Category	Year	Region			Total	Designated Country	Non-Designated Country	Independent Review Done
		Americas	Asia/Oceania	Europe/Middle East/Africa				
A	FY2014	2	2	3	7	2	5	7
	FY2013	1	3	1	5	2	3	5
B	FY2014	24	23	3	50	27	23	38
	FY2013	14	20	7	41	32	9	26
C	FY2014	0	1	3	4	4	0	0
	FY2013	0	0	0	0	0	0	0
Total	FY2014	26	26	9	61	33	28	45
	FY2013	15	23	8	46	34	12	31

(Note)

- The figures above represent the number of projects which reached Financial Close in FY2013 and FY2014 to which Equator Principles was applied.
- The figures above are those of Mizuho Corporate Bank until June 30, 2013.
- List of Designated Countries defined by the Equator Principles Association is published on the Equator Principles Association website.  
Equator Principles Association Designated Countries list
- The figures above have been assured by KPMG AZSA Sustainability.

**2. Project-Related Corporate Loan**
**By Category (Number of projects)**

Category	Definition	FY2013	FY2014
A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.	2	2
B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.	1	4
C	Projects with minimal or no adverse environmental and social risks and/or impacts.	0	0

(Note)

- The figures above represent the number of projects which reached Financial Close in FY2013 and FY2014 to which Equator Principles was applied.
- The figures above have been assured by KPMG AZSA Sustainability.

**By Sector (Number of projects)**

Category	Year	Sector						Total
		Oil/Gas/LNG	Mining	Power	Petrochemical	Infrastructure	Others	
A	FY2014	0	0	0	0	1	1	2
	FY2013	1	0	0	0	0	1	2
B	FY2014	0	0	1	0	2	1	4
	FY2013	0	0	1	0	0	0	1
C	FY2014	0	0	0	0	0	0	0
	FY2013	0	0	0	0	0	0	0
Total	FY2014	0	0	1	0	3	2	6
	FY2013	1	0	1	0	0	1	3

(Note)

1. The figures above represent the number of projects which reached Financial Close in FY 2013 and FY2014 to which Equator Principles was applied.
2. The figures above have been assured by KPMG AZSA Sustainability.

**By Region, Country (Designated/ Non-designated), and Implementation of Independent Review by an Environmental and Social Consultant (Number of projects)**

Category	Year	Region			Total	Designated Country	Non-Designated Country	Independent Review Done
		Americas	Asia/Oceania	Europe/Middle East/Africa				
A	FY2014	1	1	0	2	1	1	1
	FY2013	1	0	1	2	1	1	2
B	FY2014	1	3	0	4	1	3	1
	FY2013	0	0	1	1	0	1	1
C	FY2014	0	0	0	0	0	0	0
	FY2013	0	0	0	0	0	0	0
Total	FY2014	2	4	0	6	2	4	2
	FY2013	1	0	2	3	1	2	3

(Note)

1. The figures above represent the number of projects which reached Financial Close in FY2013 and FY2014 to which Equator Principles was applied.
2. List of Designated Countries defined by the Equator Principles Association is published on the Equator Principles Association website.  
Equator Principles Association Designated Countries list
3. The figures above have been assured by KPMG AZSA Sustainability.

### 3. Project Finance Advisory Services

#### By Sector (Number of projects)

Year	Sector						Total
	Oil/Gas/LNG	Mining	Power	Petrochemical	Infrastructure	Others	
FY2014	0	0	15	1	1	1	18
FY2013	1	1	6	0	2	2	12

(Note)

1. The figures above represent the number of projects for which Mizuho Bank had entered Project Finance Advisory Service contract in FY 2013 and FY2014.
2. The figures above are of Mizuho Corporate Bank until June 30, 2013.
3. The figures above have been assured by KPMG AZSA Sustainability.

#### By Region (Number of projects)

Year	Region			Total
	Americas	Asia/Oceania	Europe/Middle East/Africa	
FY2014	0	16	2	18
FY2013	3	6	3	12

(Note)

1. The figures above represent the number of projects for which Mizuho Bank had entered Project Finance Advisory Service contract in FY2013 and FY2014.
2. The figures above are of Mizuho Corporate Bank until June 30, 2013.
3. The figures above have been assured by KPMG AZSA Sustainability.

#### Project Name Reporting Sample

##### FY 2014 Closed Project Finance Transactions screened for EP Compliance

No.	Project Name	Country
1	Kochi Mega Solar Project	Japan
2	Nagasaki Megasolar Project	Japan
3	Oita Hiyoshiharu Mega Solar Project	Japan
4	Setouchi Mega Solar Project	Japan
5	Shin-Okayama Solar Project	Japan
6	East West Link PPP	Australia
7	North West Rail Link	Australia
8	Armow Wind	Canada
9	Highway 407 East Phase 2	Canada
10	Mackenzie Valley Fibre Link	Canada
11	North West Redwater Partnership – Sturgeon refinery	Canada
12	Northland Power Solar Cluster IV	Canada
13	Kelar Power Project	Chile
14	AIX University PPP	France
15	Sante Prison	France

No.	Project Name	Country
16	Intercity Express Programme Phase2	United Kingdom
17	Westernmost Rough Offshore Wind	United Kingdom
18	Bornish Wind	United States
19	Cameron LNG LLC	United States
20	CPV St. Charles	United States
21	Freeport LNG (Train 1)	United States
22	Freeport LNG (Train 2)	United States
23	Hooper Solar	United States
24	Kerwood Wind	United States
25	Sasol Chemicals (USA) LLC Lake Charles Chemical Project	United States
26	McCoy Solar	United States
27	Mesquite Creek Wind LLC	United States
28	New Salem Harbor Station	United States
29	Passadumkeag Windpark	United States
30	Pheasant Run Wind Phase I	United States
31	Quinto Solar Project	United States
32	W.A. Parish–West Ranch CCS–EOR Project	United States
33	Shams Ma'an	Jordan
34	Nam Ngiep 1 Hydropower Project	Laos
35	Trans Thai–Malaysia (TTM) Phase 3 Project	Malaysia
36	Energia Sierra Juarez	Mexico
37	Ramones Sur Pipeline	Mexico
38	SAFI IPP	Morocco
39	Terminal Internacional del Sur	Peru
40	Ma'aden Wa'ad Al Shamal	Saudi Arabia
41	Rabigh 2	Saudi Arabia
42	SSUT	Thailand
43	Bowin Clean Energy Limited	Thailand
44	Gulf 12 SPPs Project	Thailand
45	Mirfa IWPP	United Arab Emirates

(Note) For Gulf 12 SPPs project, separate EP screening for each of the 12 SPPs was conducted.



## Utilization of Originally Developed Tools

The Equator Principles refer to IFC Performance Standards and World Bank Group Environmental, Health and Safety (EHS) Guidelines as well as requiring compliance with the host country laws, regulations and permits. IFC Performance Standards comprises of 8 standards related to development of environmental and social risk management system by the client, consideration of biodiversity, indigenous peoples, and cultural heritage etc. On the other hand, Environmental, Health and Safety (EHS) Guidelines are technical guidance, and use two complementary sets which includes the General EHS Guidelines, that give guidance on common EHS issues potentially applicable to all industry sectors, and the sector specific EHS guidelines for 62 Industry sectors. Mizuho Bank has its original "Environmental and Social Checklist by Sector," which reflects all the requirements under the above standards for the 35 sectors in which the Bank usually undertakes and expects business, these include Oil and Gas Development and Thermal Power, sectors among others, so that environmental and social reviews based on the World Bank Group EHS Guidelines can be implemented quickly and comprehensively. In addition, sectors unique to Mizuho Bank such as Bioethanol, which are not covered by the EHS Guidelines, are also included.

Because the descriptions of the IFC Performance Standards and the World Bank Group EHS Guidelines are very technical and detailed, the use of formatted checklists is an effective means for applying them to banking practices. The Environmental and Social Checklist by Sector is not only used for internal checking but also used in cases such as early identification of issues to be confirmed by the client or by the bank's environmental consulting company, before they prepare an assessment report.

Mizuho Bank discloses part of its Environmental and Social Checklist for Offshore Oil and Gas Development, Mining, and Thermal Power, as a reference for stakeholders.

## Examples of Implementation of the Equator Principles

### Pioneer Activities

#### Serving as the Secretariat Bank (2006 to 2008)

In November 2006, Mizuho Bank was designated as the Secretariat Bank for Equator Principles Financial Institutions. During Mizuho's tenure as the secretariat which lasted for 2 years until July 2008, we assumed duties such as supporting the potential Equator Principles adopters in the adoption process and served as the point of communication for external stakeholders and public.

#### Presented with the Chairman's Award of the 2007 Sustainable Banking Awards

On June 7, 2007, Mizuho Bank, along with 10 other Equator Principles Financial Institutions, was awarded for showing outstanding leadership in actively coordinating the process of adopting the revised Equator Principles (issued in July 2006). The Sustainable Banking Awards were first awarded in 2006 by the Financial Times in association with the IFC. The FT Sustainable Banking Awards are designed to recognize banks that have shown innovation in integrating social, environmental and corporate governance objectives into their operations. In adopting the revised Equator Principles, the 11 Award recipients played a significant role as working group members in drafting revised versions, building consensus among Equator Principles Financial Institutions and holding globally targeted consultations with major clients and environmental NGOs.



### Leadership as a Member of the Steering Committee

Mizuho Bank is a member of the Equator Principles Association Steering Committee consisting of 15 banks worldwide. During the revision of the Equator Principles in 2013, Mizuho Bank took part in various Task Forces such as scope expansion, information disclosure, and climate changes and contributed to finalizing the revised Equator Principles.

Mizuho Bank also participates together with other Equator Principles members in various working groups, such as Biodiversity, Climate Change, and Social Risks, and serves as the lead bank for the Asia Outreach Working Group to help define policies and guidance for the larger group in these important areas of interest.

### Serving as the Chair Bank (2014 to 2015)

From May 2014, Mizuho Bank assumed the role of the Chair of the Equator Principles Association, and played a leadership role by leading the discussions and decisions affecting the operational policies and organizational management of the Association. At the annual meeting of the Association on October 28, 2014, Mizuho Bank led the other member institutions in discussions regarding climate change, biodiversity, the protection of human rights, capacity building and training among the Association.



### Outreach Activities for the Equator Principles in Asia

Presence of Asian banks in the world has been increasing with the economic growth. For example, Chinese banks have greatly increased their global influence. However, the number of banks who have adopted the Equator Principles in Asia (3 banks from Japan, 1 bank each from China, India, and Taiwan) is still very small compared to those in Europe and Americas.

In recent years, Asian banks have increased their participation in large scale project finance transactions globally. Consequently, Asian banks are anticipated to become more interested in adopting the Principles. In this context, Mizuho Bank has conducted seminars on the Equator Principles to Asian banks, in collaboration with IFC since 2010 as a leader of the Asia Outreach Working Group, which promotes the adoption of the Equator Principles to the Asian banks.

### Trainees Accepted from Industrial Bank Co., Ltd., of China

During the period from June 23 to the end of July 2009, Mizuho Bank accepted two trainees from Industrial Bank Co., Ltd., which was the first Chinese bank to adopt the Equator Principles. During their training the trainees got an opportunity to learn implementation of Equator Principles together with practical case studies.



### Seminar presented to Vietnamese Delegation

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In November 2013, Mizuho Bank, in cooperation with IFC, hosted a seminar about Equator Principles to Vietnamese Delegation which included participants from Ministry of Environment of Vietnam, Central Bank of Vietnam, and major commercial banks in Vietnam. Other Equator Principles Financial Institutions from Europe, Americas and Asia also attended the seminar as presenters. The seminar focused on sharing the implementation experiences and challenges of environmental and social risk management to provide in-depth view of the Equator Principles to the participants. The Equator Principles Financial Institutions mainly discussed various case studies with the delegation and facilitated further discussion and Q&A.



### Trainees Accepted from Cathay United Bank Co., Ltd., of Taiwan

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During the period from May 27 to June 5, 2015, Mizuho Bank accepted two trainees from Cathay United Bank Co., Ltd., which is the first Taiwanese bank to adopt the Equator Principles. During their training the trainees got an opportunity to learn implementation of Equator Principles together with practical case studies.



In addition to the above, Mizuho Bank has also conducted seminars on the Equator Principles to Banks in Mongolia, Thailand, Taiwan and others, where we have explained about the environmental and social risk management method, case studies, and the outcomes by applying the Principles to projects. In addition, Mizuho Bank delivers speech on the Equator Principles upon requests from banking/non-banking sectors within/outside Japan.

## Management and Future Development of the Equator Principles Association

### Management of the Equator Principles Association

#### Organizational Management of the Equator Principles Association

Equator Principles Financial Institutions (EPFIs) adopted the Governance Rules and established the Equator Principles Association (EPA) in July 2010. EPA is a private-bank-led international organization without a dedicated staff and office. It consists of five entities: the Chair, the Steering Committee, the Working Groups, the Secretariat, and the Trustee. Organizational management is handled by volunteer EPFIs and the Secretariat.

\*Links to the Equator Principles Association Official website

#### CHAIR

The Chair is the sole representative of EPA and presides over the Steering Committee. The Chair also acts as the coordinator between the Steering Committee and the working groups and/or other EPFIs. Standard Bank of South Africa is appointed as the current Chair of the EPA for June 2015 – May 2016 term.

#### STEERING COMMITTEE

Important agenda items such as revisions to the text of the Equator Principles (EPs) and/or the Governance Rules are determined through deliberations of all EPFIs. Other, EPs related matters are subject to the decision making of the Steering Committee (consisting of 15 banks including MHBK, as of July 2015).

#### WORKING GROUPS

Working Groups are formed to examine, review and make recommendations regarding important issues of the EPA. Steering Committee member serves as a Working Group Head and the participating members are widely recruited from among EPA. Communication is usually conducted via conference calls.

As of July 2015, the key working groups are External Relations, Outreach, Biodiversity, Climate Change and Social Risks.

#### Secretariat

The Secretariat's duties include operating the official website, arranging conferences and preparing the minutes of meetings. Currently, the job is outsourced to Work Ethics Ltd, a nonprofit organization, registered in United Kingdom.

#### TRUSTEE

Annual membership fee system was implemented in 2008. All the expenses are evenly divided among EPFIs. The Trustee oversees all income and expenditures.

### Exchange of Opinions with Environmental NGOs

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EPs were formulated in response to requests by environmental NGOs. As a key stakeholder, the environmental NGOs play an important role in the implementation of these Principles. EPA exchanges opinions, from time to time, on the progress of issues such as climate change with NGOs.



### Revision of IFC Performance Standards

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The IFC revised its Performance Standards (PS) in January 2012.

To reflect changes in the IFC PS, EPFIs revised the EPs to focus on a number of themes, such as Biodiversity, Climate Change, and Social Risks, and launched the third version of Equator Principles (EP III) in June 2013.

EP III became effective on June 4, 2013.

## Accomplishments of the Equator Principles

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### Three changes to project finance

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EPs have resulted in three major changes to project finance.

1. With the EPs, environmental and social risks are now widely recognized by society as significant risk factors, in assessing the projects. In addition, the implementation of risk-responsive measures via an Action Plan, is now embedded in the financing agreement. As a result, consideration of environmental and social risks and the mitigation of risks have been prioritized, benefitting the global environment and local communities.
2. The application of EPs to a project has become an important competitive factor for private financial institutions in obtaining the position of lead arranger in project syndication. In addition, collaboration in coping with environmental and social risks has been encouraged among syndicate members. The establishment and dissemination of these Principles have given financial institutions focused initiatives when addressing environmental and social risks.
3. The vigorous exchange of opinions on the environmental and social risks of a project has been encouraged among banks, clients and environmental NGOs through the management of the EPs and their application to project finance.

As described above, EPs have brought a variety of advantages to stakeholders including project-affected communities, banks, clients and environmental NGOs.

## Perspective

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### Expanding the Scope of Application and Adopting Banks

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At first, EPs were only applied to Project Finance; however, with the revision of EPs to EP III in June 2013, corporate loans for large scale projects are now under the scope of EPs. Because expansion of scope strengthens mitigation of environmental and social risks, discussion of further scope expansion will be continued.

Moreover, increasing the number of adopting banks enhances the influence and leverage of EPs, which further leads to a decrease in environmental and social risks. Therefore, it is paramount for the EPA to continue outreaching to those financial institutions that have not yet adopted EPs and to increase the number of member banks.

## Biodiversity

### Mizuho's Initiative for Biodiversity

Humans have thrived as a species because of the beneficence of biodiversity, but the scale of our success has placed a heavy burden on the natural world. To continue enjoying the benefits of biodiversity in the future, it will be necessary for each country, municipality, business operator, private organization and citizen, in alliance, to take actions to achieve a "Naturally symbiotic society" in which biodiversity is maintained.

Based on this understanding, Mizuho, as an entity managing one of the roots of economic activity, is working to reduce impacts on, protect, and restore biodiversity. We see this as the social responsibility of a financial institution.

### Mizuho's Initiatives

Mizuho is promoting the following initiatives from the viewpoint of the conservation of biodiversity.

#### **Participated as a Promotion Partner of the "Declaration on Biodiversity by Nippon Keidanren"**

In March 2009, Nippon Keidanren announced the "Declaration on Biodiversity by Nippon Keidanren," which summarizes a declaration on the conservation of biodiversity and related action guidelines. Agreeing with the declaration, group companies signed on as "Declaration Promotion Partners" in December 2009 and are pursuing initiatives promoting biodiversity in their operations\*.

\* Participating companies as "Declaration Promotion Partners" (10 group companies): MHFG, MHBK, MHTB, MHSC, TCSB, Mizuho Asset Management, Mizuho Private Wealth Management, DIAM, MHRI and MHIR

#### **Participated in the Business and Biodiversity Offsets Program (BBOP)**

In March 2010, MHBK (former MHCB) joined the Business and Biodiversity Offsets Program (BBOP)– the first among private financial institutions to do so.

The "Biodiversity Offset" refers to offsetting the negative effects that remain after avoiding, reducing and restoring the impacts of development activities on biodiversity by measurable methodologies. The "Offset" refers to conserving an offset site (an alternative habitat) that is different from a development site. Principally, to offset the remaining negative effects of development activities, we must create positive effects that exceed or are at least equal to the negative effects at the offset site. This idea gained popularity in the United States in the 1970s and expanded to the European Union and Oceania. In Europe and United States, legislation is currently being introduced.

In recent years, a common framework worldwide is being promoted for biodiversity offsets, which is led by BBOP.

### **Delivered a lecture at the Committee on Pollution Control and Preservation of Environment of the Japan Federation of Bar Associations**

In July 2012, MHBK delivered a lecture regarding "The Equator Principles and the Business and Biodiversity Offset Program (BBOP)" at the study meeting held by the Nature Conservation Section, Committee on Pollution Control and Preservation of Environment of the Japan Federation of Bar Associations.



Seminar to Japan Federation of Bar

### **Participated in the Cross Sector Biodiversity Initiative (CSBI)**

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In February 2013, MHBK, as a member of the Equator Principles Association (EPA), assisted to establish the Cross Sector Biodiversity Initiative (CSBI), a partnership among EPA, IPIECA, and the International Council on Mining and Metals (ICMM) that considers measures and strategies to reduce the impact of large-scale development projects on biodiversity. Mizuho has joined various meetings for CSBI since.

In countries around the world, the movement over the last several years to develop and strengthen legal systems for the conservation of biodiversity has been steadily gathering momentum, and companies in these countries are also being asked to participate. As an example, the European Commission in December 2011 announced the EU Biodiversity Strategy to 2020, which aims to propose by 2015 an initiative to ensure there is no net loss of ecosystems and their services. In addition, the International Finance Corporation (IFC), a member of the World Bank Group, has issued guidelines entitled "IFC Performance Standards," and these have been adopted by the Equator Principles Association. The biodiversity preservation provisions of these standards were strengthened in January 2012.

In response to these developments, Mizuho continues to invest its efforts to CSBI, to support this initiative that collaborates beyond industrial borders.



## Case Studies on Other Measures

### Measures taken through Mizuho's core businesses

Harnessing its financial system, Mizuho is promoting the following measures.

Company	Initiatives	Reference
MHBK	Support an interest rate reduction in financing funds for the purchase of energy-saving equipment	• Finance
	Adopted the Equator Principles	• Initiatives for the Equator Principles
	Participate in BBOP and CSBI	–
MHSC	Sell clean energy bonds	• Clean Energy Bond for Socially Responsible Investment (SRI)
MHIR	Provide government agencies with a wide range of support for environmental and energy policies	• Support for Environmental and Energy Policies
DIAM	Offer such products as the natural environment protection fund (Oze Kiko)	• Product Development and Sales

### Measures at the Offices

We are promoting initiatives to achieve a recycling-oriented society. Our efforts include a reduction in the use of paper, one of the resources financial businesses like Mizuho consume the most.

Company	Initiatives	Reference
The group	Promote green purchasing	• Initiatives to Bring about a Recycling-based Society
	Promote a paper reduction campaign	
	Promote paper recycling	
MHBK	Choose FSC-certified paper for paper bags for customers	• Examples of Reducing Environmental Burden

### Measures Taken for Society

Mizuho is promoting forest volunteer activities and biodiversity-related educational activities.

Company	Initiatives	Reference
The group	Reforest coastal land in the disaster-stricken areas	<ul style="list-style-type: none"> <li>Supporting the Recovery from the Great East Japan Earthquake</li> </ul>
	Donate seedlings (Seedlings are donated to the community according to the number of employees participating in the environmental declaration)	<ul style="list-style-type: none"> <li>Environmental Enlightenment for Employees</li> </ul>
	Conduct employee volunteer activities for forest preservation (tree thinning), woodland preservation and tree planting	
	Sponsor nationwide painting contests for elementary and middle school students with a theme of the environment	<ul style="list-style-type: none"> <li>Events and Publications</li> </ul>
MHBK	Send flowers to the disaster-stricken areas, and give flower seeds to the customers	<ul style="list-style-type: none"> <li>Supporting the Recovery from the Great East Japan Earthquake</li> </ul>